Save the Sound®
Action for our region's environment.

Testimony of Save the Sound

Insurance and Real Estate Committee

***In Support of* S.B. No. 14, AN ACT CONCERNING HOME ENERGY AFFORDABILITY FOR HOME BUYERS**

Submitted by Charles J. Rothenberger
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Save the Sound is a nonprofit organization representing over 4,200 member households and 10,000 activists statewide. Our mission is to protect and improve the land, air, and water of Connecticut and the entire Long Island Sound region. We use legal and scientific expertise and bring citizens together to achieve results that benefit our environment for current and future generations.

Co-Chairs Lesser and Wood, Vice-Chairs Cabrera and Comey, Ranking Members Hwang and Pavalock-D'Amato, and members of the Insurance and Technology Committee:

Save the Sound supports S.B. No. 14, AN ACT CONCERNING HOME ENERGY AFFORDABILITY FOR HOME BUYERS

This bill requires property owners listing homes for sale or lease to provide prospective buyers with a Home Energy Score – a number generated during a home energy audit that summarizes the property's energy efficiency.

Home Energy Labeling

Save the Sound supports, the home energy disclosure requirements contained in section. Disclosure policies are an important element in encouraging the valuation of energy efficiency in real estate transactions. Measurement and disclosure policies can play a critical role in moving the real estate market to recognize and value the energy efficiency of buildings. Disclosing energy efficiency and usage information (1) provides an incentive to a seller to invest in prudent improvements to enhance the marketability of the property and (2) provides the information necessary for a purchaser to make cost-effective energy improvements at the most convenient time – at the time of purchase before they are settled. Performance data from efficiency financing programs is showing that significant improvements can be done at relatively little cost and that these improvements more than pay for themselves in terms of energy savings.

Connecticut has a significant amount of older housing stock that falls well below modern standards for energy efficiency, resulting in homes that are more expensive than necessary to heat in the winter and cool in the summer. Frequently, building envelopes are not insulated, windows provide little thermal benefit and heating and cooling systems do not perform optimally. These factors can significantly increase the operating expenses of a property, as well as contributing to impaired air quality and increased emissions of global warming pollutants as a result of increased combustion of fossil fuels.

Accordingly, the residential sector presents a significant opportunity to improve energy efficiency and reduce greenhouse gas emissions. Much of the state's building stock was built prior to the adoption of any building energy

code. 84 percent of the state's housing stock was built before 1980 and 45 percent was built before 1960. Homes built prior to the adoption of energy codes use approximately 23 percent more energy per square foot than homes built after 1990.[1] The Pew Center for Global Climate Change estimates that only 40 percent of U.S. homes are well insulated.[2] Given that these residential buildings alone account for more than 16 percent of the state's greenhouse gas emissions, we must improve their energy performance if we wish to reduce emissions from the building sector in a meaningful way.

A 2010 study of the Dutch housing market (where residential energy certification has been in place since 2008), indicates that sellers view the energy certification as an opportunity to differentiate their property, particularly in those areas where the market conditions are toughest.[3] The study also found that energy efficient homes received a price premium along the spectrum of results, with the most efficient homes receiving a premium of 12.1 percent over the least efficient homes and homes receiving the second lowest rating commanding a 1.8 percent premium over the lowest rated homes.[4]

A 2009 study of the housing market in Portland, Oregon and Seattle, Washington, found an average sales price premium of 3 percent to 5 percent (Portland) and 9.9 percent (Seattle) for energy certified homes.[5] Moreover, the homes in Portland sold an average of 18 days faster than non-certified homes.[6] Finally, a 2008 study by the Australian government of home sales in 2006 found that homes sold for a 1.9 percent premium for each point on the ten-point Australian Energy Efficiency Rating system.[7]

These findings support the results of a consumer survey conducted by the U.S. Green Building Council and McGraw Hill Construction. Among the results of that 2008 survey were that 70 percent of homebuyers are more inclined to buy a green home over a conventional home in a down market and that improving the energy and environmental performance of their home was the leading reason that homeowners invested in home improvements.[8] The attached map illustrates some of the benefits of highlighting energy performance that have been found in real estate markets across the country.

Including the disclosure of energy performance in real estate transactions makes sense for the public, for the real estate market, and for Connecticut's economy and environment moving forward.

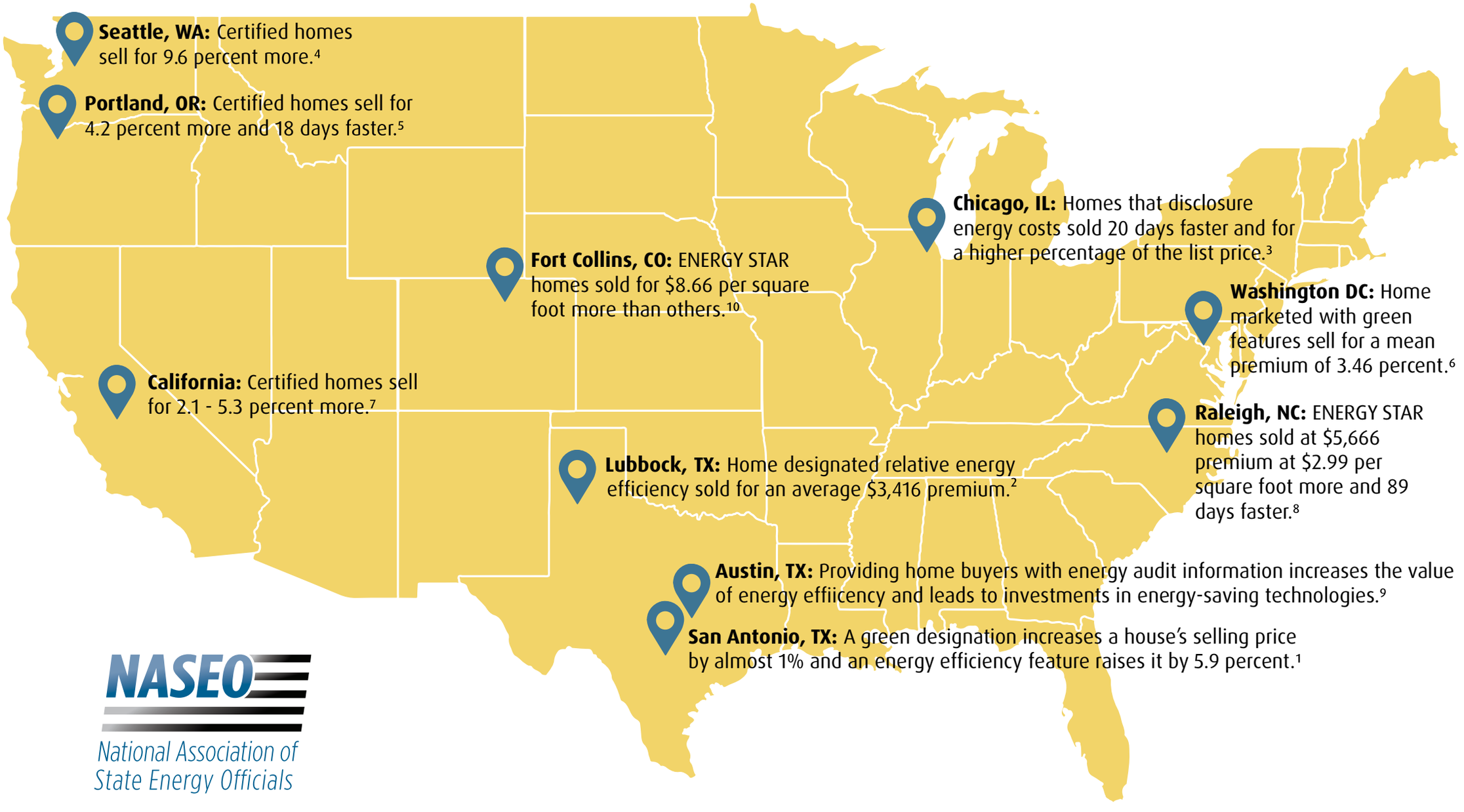
Thank you for your time and consideration of this testimony.

Respectfully submitted,

/s/ Charles J. Rothenberger

[1] "Residential Energy Efficiency and the American Clean Energy and Security Act", David Hoppock and Jonas Monast (Duke University July 2009).
[2] "Residential Energy Efficiency and the American Clean Energy and Security Act", David Hoppock and Jonas Monast (Duke University July 2009).
[3] RICS Research, "On the Economics of EU Energy Labels in the Housing Market," June 2010, p. 17.
[4] RICS Research, "On the Economics of EU Energy Labels in the Housing Market," June 2010, p. 21
[5] Lawrence Berkeley National Laboratory, "The Value of Energy Performance and Green Attributes in Buildings: A Review of Existing Literature and Recommendations for Future Research." September 7, 2011.
[6] Lawrence Berkeley National Laboratory, "The Value of Energy Performance and Green Attributes in Buildings: A Review of Existing Literature and Recommendations for Future Research." September 7, 2011. The certified homes in Seattle sold slightly more slowly than comparable non-certified homes, but they did command a substantial price premium.
[7] Lawrence Berkeley National Laboratory, "The Value of Energy Performance and Green Attributes in Buildings: A Review of Existing Literature and Recommendations for Future Research." September 7, 2011.
[8] "Home Buyers Increasingly Thinking about Buying Green" (July 24, 2008). 42 percent of respondents cited this as their primary reason, compared to 34 percent who cited improving comfort and 24 percent who cited improving appearance.

Studies Nationwide Show Energy Efficient Homes Sell for More, Faster



NASEO
National Association of State Energy Officials

Sources: [1]Cadena and Thomson 2015; [2]Corgel, Goebel, and Wade 1982 "Measuring Energy Efficiency for Selection and Adjustment of Comparable Sales." The Appraisal Journal; [3]Elevate Energy 2015; [4]Griffin 2009; [5]Griffin 2009; [6]Institute for Marker Transformation 2015; [7]Kahn and Kok 2013; [8]Pfleger et al. 2011; [9]Myers, Puller, and West; [10]Block, Nobe, and Nobe